



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **SB 228** SLS 09RS 512  
Bill Text Version: **ENGROSSED**  
Opp. Chamb. Action:  
  
Proposed Amd.:  
Sub. Bill For.:

<b>Date:</b> June 4, 2009	11:19 AM	<b>Author:</b> GRAY EVANS
<b>Dept./Agy.:</b> Revenue		
<b>Subject:</b> Tax Credit For Certain Homeowners/Renters		<b>Analyst:</b> Greg Albrecht

TAX/TAXATIONEG -\$495,000 GF RV See NotePage 1 of 1

Provides additional earned income tax credits for homeowners and renters. (7/1/09)

Proposed law provides a new nonrefundable tax credit of \$330 per year for tax years 2009, 2010, and 2011. To qualify for this credit the taxpayer must be homeowner who is also a residential lessee and has income that is less than 250% of the federal poverty guidelines.

Effective upon governor's signature.

EXPENDITURES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	(\$495,000)	(\$495,000)	(\$495,000)	\$0	\$0	(\$1,485,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	(\$495,000)	(\$495,000)	(\$495,000)	\$0	\$0	(\$1,485,000)

EXPENDITURE EXPLANATION

The Department of Revenue will incur one-time costs of several thousand dollars to modify tax forms and processing systems to incorporate this change to the earned income tax credit. If the credit is popular with taxpayers, additional costs may be incurred associated with taxpayer inquiries concerning the conditions of qualification for the credit.

REVENUE EXPLANATION

The bill appears to intend to target certain homeowners who are renting homes or apartments other than their primary residence as a result of hurricane and storm related damage to their primary residence. While the total number of such situations is not known, the Louisiana Recovery Authority estimated approximately 1,500 families may still be experiencing this situation as a result of hurricanes Katrina and Rita in 2005. This tax credit (\$330) applied to that population would result in \$495,000 of state tax revenue loss exposure for each year the credit is allowed (tax years 2009 - 2011, fiscal years 2010 - 2012).

The bill imposes an income test of 250% or less of the federal poverty level to qualify for the credit (\$27,075 for a one-person household, \$36,425 for two persons, and \$55,125 for four persons). This might limit claims for the credit, but this income threshold would still encompass a large number of households in the state (likely over 900,000 households as indicated by state personal income tax data). Still it is unlikely that a material number of households would own a home but live in a rental location, and not be part of the LRA estimated of potentially eligible households. In addition, the credit is nonrefundable, and some taxpayers claiming it may not have sufficient tax liabilities to exhaust all the credit available to them. Thus, the estimated exposure above is likely to be a maximum exposure. Realized revenue losses are likely to be less than this exposure level.

Senate

☐ 13.5.1 >= \$500,000 Annual Fiscal Cost

☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change

Dual Referral Rules

House

☐ 6.8(F) >= \$500,000 Annual Fiscal Cost

☐ 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

H. Gordon Monk  
Legislative Fiscal Officer